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National Intelligence Bulletin

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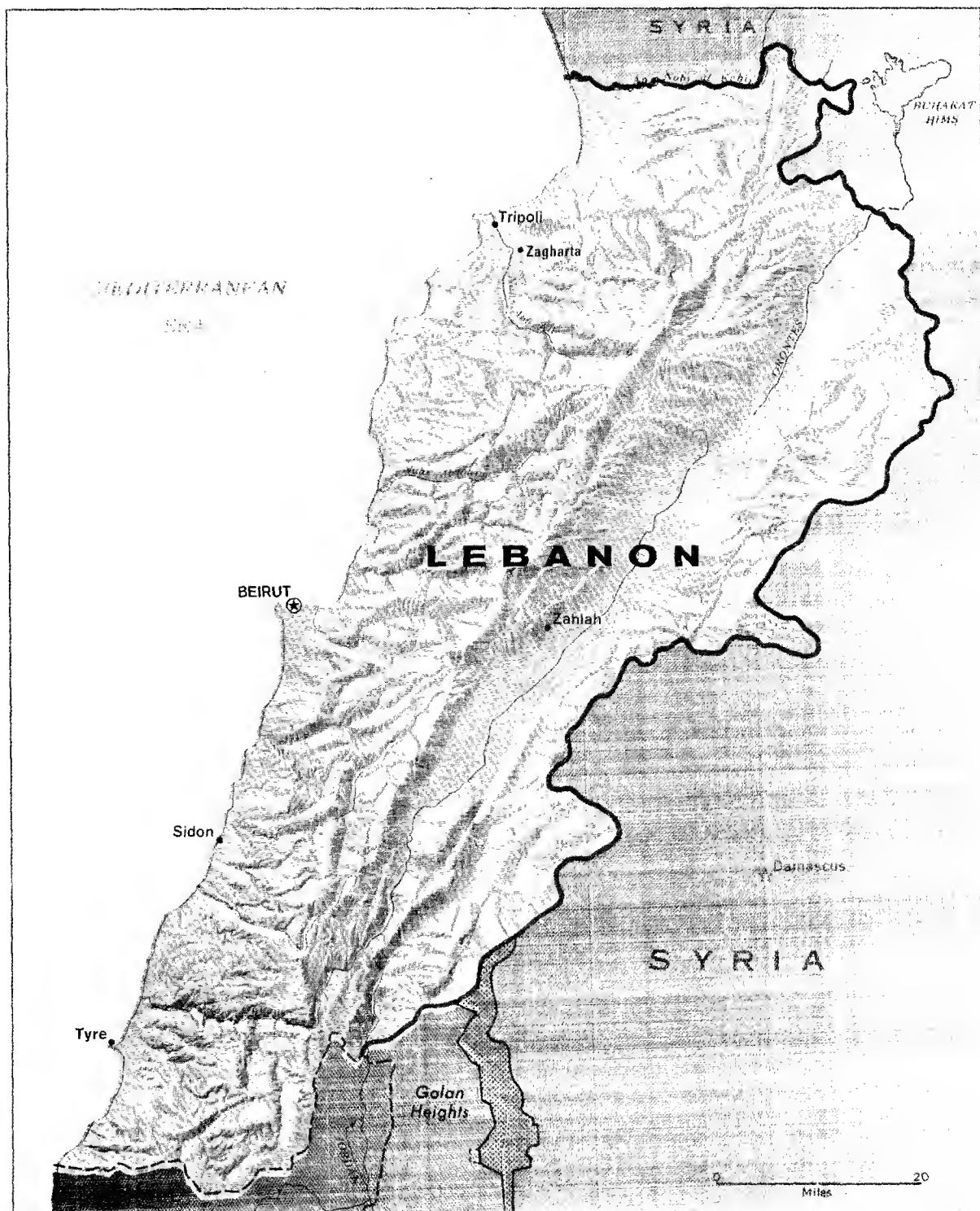
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LEBANON

Casualties and property damage in the fighting between Muslims and Christians have been extensive in both Tripoli and Zagharta, and the 2,000-3,000 militiamen on each side have now abandoned combat at close quarters and returned to their usual tactic of shelling from fixed positions.

The militia of the right-wing Phalanges Party, which played a central role in the violence in Beirut earlier this year, has not become deeply involved in the latest fighting. The party, Lebanon's largest Christian political organization, is not strong in the area where the fighting is taking place.

The major fedayeen groups are also staying on the sidelines, despite the presence of some 16,000 Palestinians in two refugee camps near Tripoli. [REDACTED]

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[REDACTED] the government continues to resist calling in the army. Kamal Jumblatt, leader of the Progressive Socialist Party, has warned Prime Minister Karami against using the army, and leaders of Beirut's Muslim community have predicted civil war if the army becomes involved.

The cabinet met for the second time in two days yesterday. Following the meeting, Karami said "measures" had been decided upon and would be announced today. Newspapers in Beirut reported this morning that the army would be ordered today to intervene in the fighting. They said that the cabinet yesterday had agreed to give army commander Iskandar Ghanim a six-month leave of absence. Ghanim is a Christian and a long-time supporter of President Franjijah.

Ghanim might be replaced by army chief of staff Nasrallah, a Druze, who would be acceptable to both sides in the present dispute. Another possibility is army intelligence chief Jules Bustani, who has in the past served in a liaison capacity between the Lebanese army and the fedayeen. He is a Christian, but he would be much less objectionable to Muslims than Ghanim. [REDACTED]

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PORTUGAL

Portuguese Socialists appear to be taking full advantage of the Communists' recent setbacks, although they remain concerned that their gains could be wiped out by an attempt to seize power from either the right or the left.

Socialist sources have told the US embassy that Prime Minister - designate Azevedo has agreed to form a government based on the Socialist program and that the new cabinet could be announced as early as today. These sources are also claiming that in fact they turned down an opportunity to form a Socialist government because they did not want the other parties criticizing on the sidelines at a time when tough decisions are necessary.

The Socialists claim that they will be given at least five of the approximately 15 cabinet posts, although they may have reached this number by including independents sympathetic to their cause. According to the Socialists' version of the new cabinet, the Popular Democrats—who finished a respectable second to the Socialists in the elections last April—will receive two posts, and the Communists will be given at least one and possibly two. The Communists might still reject such a reduction in their own role unless pro-Communist military officers are also present in the new lineup.

The Socialist Party reportedly hopes to seize the initiative while things are going its way so as to gain effective control of the government. The Socialists' strategy includes an effort to convince the military to return to the barracks and an attempt to disarm the various revolutionary groups, including the Communists' paramilitary apparatus—which they claim numbers approximately 6,000 in the Lisbon area.

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CAMBODIA

Phnom Penh gave Prince Sihanouk and his party a festive welcome when they arrived in the Cambodian capital yesterday.

The Prince was accompanied by Deputy Prime Minister Khieu Samphan. Deputy Prime Minister for National Defense Son Sen delivered the welcoming address.

The Khmer communists apparently have been trying for some time to entice Sihanouk to return. The invitation, tendered to the Prince when he was in Pyongyang in mid-July, evidently was not the first one offered him. Although Sihanouk has dutifully served as a mouthpiece for the communists since their take-over in mid-April, the Cambodian leadership is well aware of his record of unpredictable behavior and probably wants to have more control over his actions. They may also have been concerned about the Prince's earlier reported threats to renounce his title and go into permanent exile abroad, from where he could snipe at regime policies.

The Prince's current visit to Phnom Penh will be short. He will return to China to attend the National Day celebrations on October 1, then travel to New York to address the UN General Assembly. From New York, he will go to Pyongyang for the anniversary of the Korean Workers' Party on October 10, and finally return to Peking to commemorate his birthday on October 31. Following this round of travel, Sihanouk may be resigned to spending most of his time in Phnom Penh.

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Sihanouk's decision to return to the inhospitable political conditions in Phnom Penh was a difficult one, but he apparently decided that the trappings of high office, at least for a while, are better than obscure retirement abroad. He has, in fact, little leverage in dealing with the Khmer communists.

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The Chinese ambassador to Cambodia may have been aboard the aircraft carrying Sihanouk to Phnom Penh. A press report quoting diplomatic sources in Peking said he would be, but Phnom Penh did not announce the ambassador's arrival. If the Chinese envoy did come, he would be the first foreign ambassador to be allowed back in Phnom Penh since the communist take-over. At any rate, Peking appears to have cemented its ties with the Khmer communists.

The Chinese have continually accorded Sihanouk correct and sometimes even lavish treatment. At a farewell banquet on September 6, Vice Premier Teng Hsiao-ping expressed his "sincere wish" that Sihanouk and Prime Minister Penn Nouth would continue their contributions to national unity and development. The Chinese almost certainly have not pushed hard for a significant political role for Sihanouk, however, out of fear of antagonizing their Khmer communist friends. Indeed, they probably regarded his continued residence in China as an embarrassment and played some role in paving the way for his departure.

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PORTUGUESE TIMOR

The left-wing Revolutionary Front for the Independence of Timor (Fretilin) on September 8 announced victory in the month-long strife.

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Meanwhile, the leftists have publicly abandoned their demand for immediate independence and are calling for a gradual decolonization program similar to the one announced by Portugal in June.

Indonesian President Suharto will probably come under further general staff pressure to order unilateral action before Fretilin consolidates its control and weather conditions become unsuitable for military operations.

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CYPRUS

UN Secretary General Waldheim again was unable yesterday to get Greek and Turkish Cypriot negotiators Clerides and Denktash to agree on an agenda for their present round of meetings in New York. Waldheim intends to have the negotiators meet in formal session today in an attempt to obtain agreement for another round of talks at a later date.

Denktash gave a negative reply yesterday to a proposal by Waldheim that the Turkish Cypriots consider permitting the return of some Greek Cypriot refugees to Famagusta. Waldheim believed that such a move could compensate for Denktash's unwillingness to follow through on his promise to address the territorial question and make it worthwhile for Clerides to negotiate.

Denktash told Waldheim on Monday that problems with his colleagues in Cyprus as well as the attitude of the Turkish government made it impossible for him to discuss the territorial question during the current talks. Denktash added that he would be prepared to address the territorial question sometime after the Senate elections in Turkey on October 12 and the Turkish Cypriot elections later in the year. The Turkish Cypriot leader said when pressed that he might agree to another round of talks in late November.

Clerides remains steadfast in his refusal to participate in formal talks unless Denktash presents concrete proposals on the territorial question. He agreed, however, to seek instructions from his government on the question of another round of talks in the future to discuss the territorial question. Clerides told a US official later in the day that the talks should be adjourned and no date set for another round, but he may have been expressing his own opinion. He acknowledged that a break-up of the talks by the Greek Cypriots would free the Turks from the obligation of maintaining the status quo on Cyprus and provoke them into settling Turks in the Greek Cypriot section of Famagusta, which has for the most part been left vacant.

Ankara may yet instruct Denktash to offer something to the Greek Cypriots with an eye to securing a lifting of the US arms embargo, but Clerides is under equally strong pressure from Athens and President Makarios to reject any token gestures that might help the Turkish case on the embargo.

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ISRAEL

High-ranking officials are taking steps to reassure the Israeli people that security matters will not be de-emphasized in the aftermath of the Israeli-Egyptian Sinai accord.

Prime Minister Rabin is emphasizing that the new interim agreement should lessen the danger of a coordinated simultaneous attack from a number of sectors. Cautioning against the expectation that large sums would be spent on economic development, Rabin has remarked that at least 75 percent of the US assistance would be used to finance arms, and that other US aid would be used to compensate for the loss of Sinai oil.

Defense Minister Peres is pointing out that the Israeli Defense Forces still face the primary problems of terrorist activity and a possible flare-up on the Syrian and Jordanian fronts, as well as the need for developing new defensive concepts and systems.

Peres pledged that the counterterrorism campaign will be improved. He also made clear the defense forces' preference for maintaining the initiative against the fedayeen by striking their base camps in Lebanon. He pointed out that these operations are designed to avoid harming civilians and with a view toward causing minimal political damage to the Lebanese government. Peres reaffirmed Tel Aviv's policy of dealing with the fedayeen only on the battlefield and of not submitting to terrorists' blackmail attempts.

The defense minister also stressed that the defense forces must be prepared for a Syrian-sponsored attack on the northern and eastern fronts involving Jordan, Iraq, Lebanon, and the PLO.

In the Sinai, field fortifications must be built and new defense plans developed that will emphasize mobile operations, according to Peres. He also said that the Defense Ministry intends to complete fortifications along the Jordan River. Civil and regional defense will also receive increased priority. They have been largely neglected since the 1967 war.

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USSR

Moscow is missing no opportunity to continue registering its disapproval of the Sinai disengagement agreement.

According to Western press reports, Soviet officials plan to boycott the working sessions of the Egyptian-Israeli military group in Geneva, which are to work out details for the accord's implementation. This would be further evidence of the Soviets' displeasure, following their failure to attend last week's signing ceremonies.

Moscow's news media are stressing that the agreement failed to resolve basic Middle East problems and has served to heighten rather than reduce tensions in the area. The press on September 7 for the first time carried an article that charges that the accord was reached outside the framework of the Geneva peace conference. In an apparent attempt to attack the accord's legitimacy, *Pravda* noted that the "negotiations had an obviously separate character," despite efforts to give it the "outward appearance" of being within the Geneva context. The article concludes by restating Moscow's standard formula for achieving a settlement—multilateral negotiations involving all interested parties—but did not specify the Geneva conference.

According to a Soviet official, the Soviet community in Cairo has initiated a word-of-mouth campaign critical of the accord. He said that Egyptian communists reportedly have joined in this effort and are said to have begun spreading criticism among the people.

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ARGENTINA

Responding to an unprecedented upsurge in left-wing violence and kidnappings, President Peron has formally outlawed the Montonero guerrillas, who supported the return of Juan Peron. This may be the first step in a major government offensive against terrorism.

Although the Montoneros themselves declared "war" on President Peron in September 1974, her government had avoided taking official action for fear of antagonizing many moderately liberal Peronists, who do not necessarily agree with the Montoneros but have been alienated by the conservative policies of the present administration. Because of their position and strength, the Montoneros have played an effective political role through agitation within the Peronist labor movement. They even fielded candidates under the banner of the "Authentic Party" in a recent provincial election.

The government's decision gives security forces great freedom of action in counterinsurgency operations. Until now, sympathetic newspapers and broadcasting stations could force the release of Montonero guerrillas held without charge by publicizing their names. Such actions in behalf of outlawed groups, however, are forbidden under current censorship restrictions.

Other measures are likely to be announced soon. The new army commander, General Jorge Videla, has told newsmen that the army's anti-guerrilla operations in Tucuman Province—where the principal opponent has been the People's Revolutionary Army—could be extended throughout the country "if the circumstances warranted it." He added that a federal organization might be formed to coordinate the actions of all the security forces.

The Montoneros and the People's Revolutionary Army hope to goad the armed forces leaders into ousting the civilian government, which they regard as insufficiently radical. The expected popular revulsion against military administration, they believe, would virtually assure a left-wing political victory once elections were held. In pursuit of this long-range goal, the guerrillas have been focusing their terrorist attacks on all branches of the armed forces.

Economic deterioration and mounting violence could in time bring about the political polarization the extremists seek. Recent statements by military leaders strongly indicate that they have decided to support the government in the initiative against the terrorists rather than allow the situation to deteriorate further.



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ROMANIA-CHINA

Romania is demonstrating its continuing close ties with Peking, perhaps in reaction to fresh assaults on the Chinese by the Kremlin.

Ilie Verdet, a member of the Romanian Politburo and party secretary for cadre affairs, arrived unexpectedly in Peking on Friday at the head of the highest level Romanian delegation that has visited China since President Ceausescu was there in 1971. The Romanians are en route home from North Vietnam's 30th anniversary celebrations.

In Peking, Verdet specifically praised the leadership of Mao Tse-tung and emphasized the good relations between the Romanian and Chinese parties; both sides pledged to expand their ties. On Sunday, Verdet met with Chou En-lai to convey Ceausescu's personal greetings and best wishes to the Chinese leadership.

The timing of the visit suggests that it was a calculated act of defiance of Moscow. It comes on the heels of an authoritative, very harsh attack on China and its supporters published in the Soviet party's theoretical journal, *Kommunist*. Indeed, *Kommunist* warned that those who are neutral or conciliatory toward Mao and his policies "objectively promote the anti-Marxist, anti-socialist aims of the Chinese leadership."

Verdet's presence in China puts Moscow on notice that Romania clearly intends to oppose any criticism of the Chinese—or any attempt to read them out of the international communist movement—at the proposed conference of European communist parties.

In the past, Ceausescu has demonstrated a remarkable ability to gauge the limits of Soviet tolerance to his displays of independence. After the Verdet trip, he may now pull in his horns and, at least over the short run, become more accommodating toward Moscow—but without compromising what he regards as the principles of Romania's independence within the Warsaw Pact.

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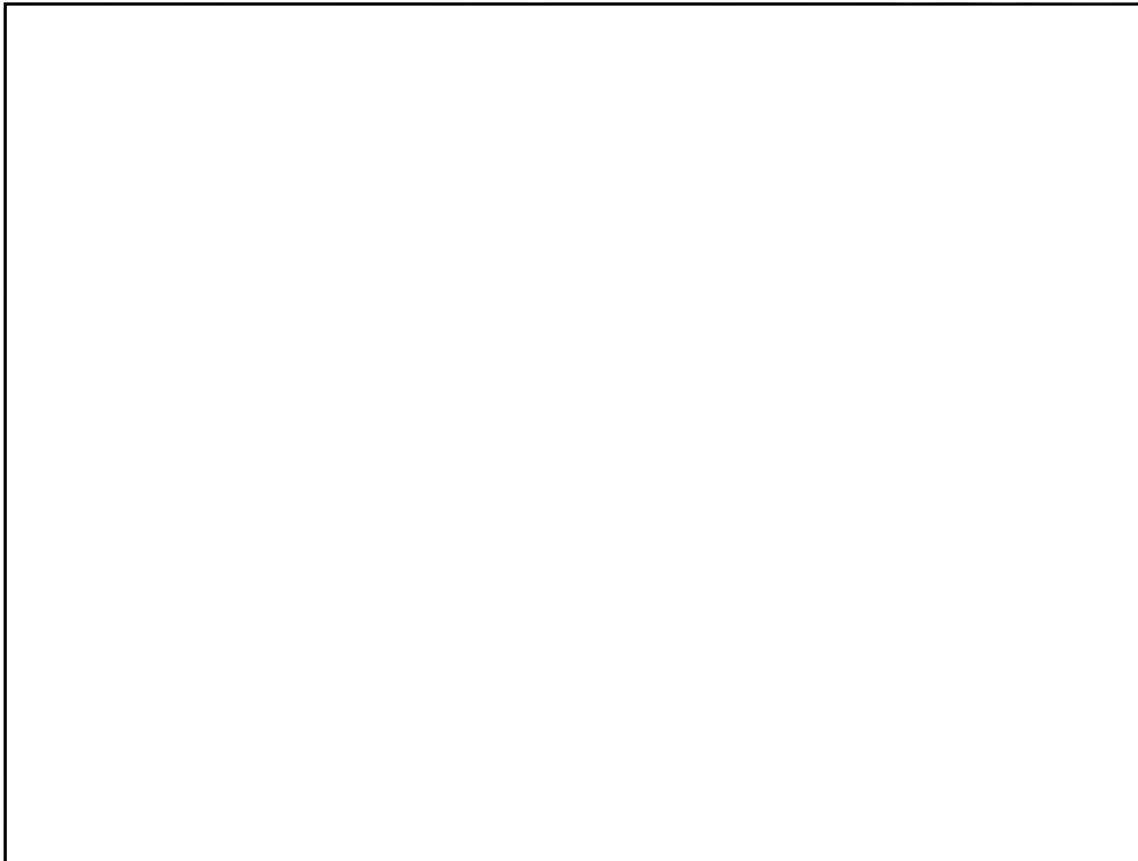
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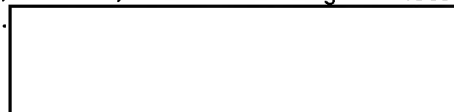
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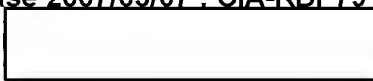
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FOR THE RECORD

COLOMBIA: The assassination on Monday of inspector general of the armed forces Rincon was apparently the work of the pro-Havana National Liberation Army. Although Rincon was a staff officer, he previously headed the brigade most involved in containing the group's rural guerrillas.



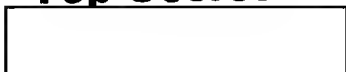
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